Government Officials serving as carriers of Hawala dealers

4706. PROF. M. SANKARALINGAM : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that some of the senior Government officials in our country are serving as carriers of Hawala dealers operating from Delhi and Dubai for several years;

(b) if so, how many cases have come to light; and

(c) what action has been taken to stop such illegal activities?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN) : (a) and (b) One case of a senior Government official was detected by the Directorate of Revenue Intelligence (DRI) while the official was trying to smuggle out foreign currency and Indian currency from Delhi to Dubai, in violation of the provisions of the Customs Act, 1962 and Foreign Exchange Management Act (FEMA), 1999.

(c) Investigating agencies like the Central Bureau of Investigation (CBI) and DRI register such cases promptly and investigate them. The officers of the DRI have been instructed to collect information/intelligence regarding smuggling of foreign currency and take necessary action in time.

Incidence of subsidies in Government expenditure

4707. SHRI VIJAY J. DADRA : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that the incidence of subsidies in Government expenditure has gone up upto 9.5 per cent in 2002-03 from 7.4 per cent in 1994-95 to 1996-97 and this has contributed to lower capital expenditure and consequent lower investment rate in the economy; and

(b) if so, what are the short-term and long-term strategies being thought of to gradually reduce the incidence of subsidies and what is the perspective planning to bring it to zero level in foreseeable future?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL) : (a) Central Government expenditure on subsidies as a proportion of total expenditure was 7.4 per cent in 1994-95, 7.1 per cent in 1995-96 and 11 per cent in 2002-03 (Revised Estimate). Increasing expenditure on subsidies, interest payments, wages and salaries and pension has resulted in lower capital expenditure.

(b) Government is conscious of the need for better targeting subsidies and eliminating those which have not served any social or economic purpose. Steps are being taken to eliminate subsidies on domestic LPG and PDS kerosene in a phased manner over the next few years. Social and economic considerations may not warrant complete elimination of subisdies particularly those intended for the benefit of the poor and the destitute.

Extension of relie to farmers by banks

4708. DR. DASARI NARAYANA RAO : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that RBI had recently advised all commercial banks to extend additional relief to the farmers affected by drought in the districts notified as drought affected;

(b) if so, the details thereof;

(c) whether all the banks particularly public sector banks extended the desired additional relief;and

(d) if so, the details of relief provided by each Bank, State-wise and District-wise which were drought affected?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL) : (a) to (c) Reserve Bank of India (RBI) while reiterating its extant guidelines has, in addition, advised all Scheduled Commercial Banks to extend the following relief to the farmers affected by drought, in the districts notified by the State Governments.

(i) There should be no recovery of any amount either by way of principal or interest during the financial year 2002-03 in respect of Kharif crop loan.

(ii) The principal amount of crop loan should be converted into term loan and will be recovered over a period of minimum five years in the case of small and marginal farmers and four years in the case of other farmers (as against three years stipulated in the existing guidelines)

(iii) Interest due in the financial year 2002-03 on crop loan should also be deferred. No interest should be charged on the deferred interest.

In addition to the above, waiving the first year's deferred liability of interest on kharif loans with a cap of 20% as one time measure is under consideration of Government of India.